MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2022/2023

BAC3614 – ACCOUNTING INFORMATION SYSTEMS II

(All sections/Groups)

3 JULY 2023
2.30 P.M. – 5.30 P.M.
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of SIX (6) pages with FOUR (4) questions.
2. Attempt **ALL** questions. The distribution of marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

A financial crisis has occurred at Syarikat DEF, when its trusted account manager has stolen more than RM2,800,000 in cash. The account manager, Mr. Fido, was a hardworking employee who was never late for work and seldom took a vacation. He was always the first to reach the office and the last the leave for the day. Mr. Fido has good educational background and was named as the employee of the year several times during his employment. As the account manager, Mr. Fido's responsibilities include approve cash payments, make daily bank deposits, and reconcile bank accounts.

The theft would not have been realised if Puan Wawa, the wife of one of the directors, did not notice that Mr. Fido was wearing a very expensive watch to an office gathering. Puan Wawa commented on the watch and Mr Fido shared that he loves watches and has a commendable collection of luxurious watches. This exchange was observed by one of the directors. He became curious of Mr. Fido's financial abilities and initiated an internal audit involving Mr Fido's department.

The audit has uncovered the thefts conducted by Mr Fido over the years. Mr. Fido admitted to the thefts and offered to payback each stolen dollar. He confessed that he stole the money so that he could appear well to do to his rich in-laws, who happen to be members of the local elite group. He wanted to be part of the group and to ensure that his wife does not feel left out. He even added that, by being a part of the elite group, he could bring good name to the company and may even get new business opportunities for the company.

Required:

(a) Discuss how Mr. Fido fits the profile of the average fraudster.

(5 marks)

(b) Identify the three elements of the fraud triangle present in the case above.

(9 marks)

(c) Elaborate THREE (3) consequences if Syarikat DEF decided not to prosecute Mr. Fido.

(6 marks)

(d) Discuss how Mr. Fido was able to conceal his fraudulent behaviour.

(5 marks)

(Total: 25 marks)

Continued...

QUESTION 2

Kedai Perabot Ellia has been in operation since 2009. The per unit price stated in the invoice is the final discounted price, and not the tagged price of the furniture. The shop usually will give discounts for the items sold, depending on the quantity purchased and the total purchase made by the customer.

The following invoices were retrieved from Kedai Perabot Ellia.

EXHIBIT 1

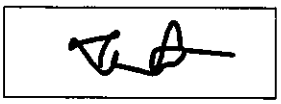
Kedai Perabot Ellia

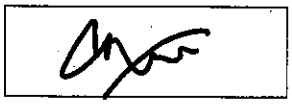
Lot 2341, Taman Highland, Semabok Jaya, Melaka

Customer name:	John Wayne	Invoice number:	IVX-0231
Customer contact:	013-432384	Purchase date:	2 May 2023
Delivery address:	No 324, Jalam Meranti 2, Taman Meranti, Melaka Baru	Delivery date:	5 May 2023

Item code	Item description	Quantity	Price/unit	Total price
DC3242	Dining chair – Andaman 41	8	350.00	2,800.00
DT9432	Dining table – royale 11	1	3,200.00	3,200.00
CT3219	Teak console table – Andaman 23	1	600.00	600.00

* Note: All prices quoted are in Ringgit Malaysia.	Total sales	6,600.00
The balance must be paid upon delivery of goods.	Deposit	2,500.00
Delivery of goods will be made as per agreedCo.	Balance	4,100.00

Customer signature 

Employee signature 

Employee name Rushdan Ali

Continued...

EXHIBIT 2

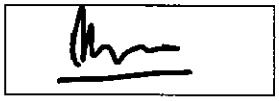
Kedai Perabot Ellia

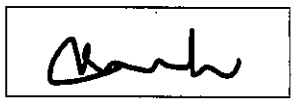
Lot 2341, Taman Highland, Semabok Jaya, Melaka

Customer name:	Siti Maimun Adam	Invoice number:	IVX-0232
Customer contact:	015-4058232	Purchase date:	6 May 2023
Delivery address:	Lot 34, Kampung Teluki, Paya Ikan Bukit Baru	Delivery date:	9 May 2023

Item code	Item description	Quantity	Price/unit	Total price
DC3242	Dining chair – Andaman 41	8	350.00	2,800.00
DT9432	Dining table – royale 11	1	3,200.00	3,200.00
CT3219	Teak console table – Andaman 23	1	600.00	600.00

* Note: All prices quoted are in Ringgit Malaysia.	Total sales	6,600.00
The balance must be paid upon delivery of goods.	Deposit	2,500.00
Delivery of goods will be made as per agreed.	Balance	4,100.00

Customer signature 

Employee signature 

Employee name Norlidah Amin

Continued...

Required:

(a) Design a set of relational tables to store the data captured in the above invoices.

(13 marks)

(b) In a database environment, all data are stored in one data repository. Explain THREE (3) threats within such environment and how a database management system mitigates each of the threats.

(12 marks)

(Total: 25 marks)

QUESTION 3

(a) Identify the implication of the following situations and the relevant internal control procedure. You may organise your answer as below:

Situation	Implication	Control procedure
(i)		
(ii)		

(i) An email containing employees' identification numbers and bank account numbers has been intercepted by a hacker.

(ii) There is only one unit left of product XX01 in the inventory. Two sales agents have accessed the company's sales systems at the same time and placed an order for 1 unit of product XX01.

(iii) A bank customer has logged in to his online bank account at the bus station. He was unaware that he has activated his phone to connect to a Wi-Fi.

(iv) An employee has clicked a link that he received from an unsolicited email.

(v) A system administrator received an urgent call early in the morning on 15 June. The caller claimed that he had been locked out of the company's system and he needed to reset his password quickly. The administrator provided the employee with a temporary password via the phone.

(20 marks)

(b) Explain the internal control objective during sales order entry.

(5 marks)

(Total: 25 marks)

Continued...

QUESTION 4

At DEF Manufacturing, purchases of fixed assets must be budgeted and approved prior to spending. All fixed assets purchase budgets are included in a department manager's budget and approved at the beginning of the year by the board of directors. The fixed assets purchase system functions as follows.

Purchasing: A purchase requisition form is prepared by the department head and emailed to the purchasing department. The department head need to specify the make and model of the fixed assets in the requisition. The email will be received by all six purchasing agents and one of them will take up the request. The purchasing agent will verify that the requisition was made by a department head. Once verified, the agent searches the various catalogues on file and selects a product that fulfils the requirement. The agent then telephones the supplier, requests a price quote, and places a verbal order.

A prenumbered purchase order is prepared and sent to the supplier. Copies of the purchase order are provided to the department head, the receiving department, and accounts payable. One copy is filed as the purchasing department as an open order. When the receiving department verbally informs the purchasing department that the item has been received, the purchase order is transferred from the open file to the filled file. Once a month, the agent reviews the open file to follow up on open orders.

Receiving. The receiving department gets a copy of each purchase order. When fixed asset is received, that copy of the purchase order is stamped with the date, and, if applicable, any differences between the quantity ordered and the quantity received are noted in red ink. The receiving clerk then forwards the stamped purchase order and fixed asset to the requisitioning department head and verbally notifies the purchasing department that the goods were received.

Accounts Payable. Upon receipt of a purchase order, the accounts payable clerk files it in the open purchase order file. When a vendor invoice is received, it is matched with the applicable purchase order, and a payable is created by debiting the requisitioning department's fixed assets account. Unpaid invoices are filed by due date. On the due date, a cheque is prepared and forwarded to the treasurer for signature. The invoice and purchase order are then filed by purchase order number in the paid-invoice file.

Treasury. Cheques received daily from the accounts payable department are sorted into two groups: those over and those under RM20,000. Cheques for less than RM20,000 are machine signed. The treasurer maintains the check signature machine's key and signature plate and monitors its use. Both finance manager and treasurer sign all cheques over RM20,000.

Continued...

Required:

(a) Explain FIVE (5) weaknesses related to the purchase of fixed assets at DEF Manufacturing. Include the implications of the weaknesses in your explanation.

(15 marks)

(b) Recommend a control procedure to overcome the weaknesses identified in part (a).

(10 marks)

(Total: 25 marks)

End of Paper